



1	Call to Order - 6:00 PM	<p>Mayor Winstead called the study meeting to order at 5:30 p.m.</p> <p>Present: Councilmembers C. Abrams, J. Baloga, T. Busse, A. Carlson, D. Lowman (arrived at 5:51 pm) and J. Oleson.</p>
2	INTRODUCTORY	None.
3	CONSENT BUSINESS	None.
4	PUBLIC COMMENT PERIOD	None.
5	HEARINGS/PUBLIC INPUT	None.
6	ORGANIZATIONAL BUSINESS	
6.1	2016 Special Revenue Fund Budget	<p><u>Requested Action:</u> No requested action.</p> <p>Budget Manager Cindy Rollins presented the 2016 Special Revenue Fund Budget for the Placemaking Commission. An interfund transfer from the South Loop Capital Improvement Fund of \$400,000 will support the Placemaking activities for 2016.</p> <p>This item to be approved at tonight's regular meeting.</p>
6.2	2016 Property Tax Levy and General Fund Budget Presentation	<p><u>Requested Action:</u> No formal action requested.</p> <p>City Assessor Matt Gersemehl and Chief Financial Officer Lori Economy-Scholler ran through a presentation of the 2016 Property Tax Levy and General Fund Budget that will be presented at the public hearing on December 7, 2015.</p> <p>Gersemehl began the presentation by presenting slides on the Property Tax and Assessments. He explained what factors impact property taxes and described the market value changes that have occurred for the 2015 assessment. Bloomington saw an 11.8% total tax capacity growth in the 2015 assessment for Pay 2016. He said Bloomington's tax base is almost 50% residential and 50% commercial. The City has seen a two-year turnaround from the recession. He explained the new legislation regarding the Minnesota Homestead Credit Refund and Renter's Property Tax Refund and said the refund for the median value home was approximately \$2,800. He said this refund will be available to homeowners through August 2016.</p>

Economy-Scholler presented the Proposed 2016 Budget for discussion. Her presentation reviewed Bloomington's vision, mission and strategic goals, the 2015 Citizen Survey, the property tax impact, tiered services, and the 2016 Property Tax Levy and 2016 General Fund Budget. The Proposed 2016 General Fund Revenues and Expenditures total \$68,155,122. She explained the Preliminary Levy was set at 6.85% or \$75.56/month for the median value home. She described the Tier One, Tier Two and Tier Three services. She compared the monthly cost for the different tiered services using a 6.85% levy and a 5.75% levy. A graph was shown showing the City property tax on the median value single-family home (not adjusted for property tax aids and Fiscal Disparities). Bloomington's monthly amount was the second to the lowest at \$76.56.

Oleson asked why the City of Plymouth is going against the trend. It was stated their levy is much lower than Bloomington's and they haven't planned for Pavement Management Program (PMP) yet. They're a new community and they haven't faced what Bloomington and Edina have faced.

<Councilmember Lowman arrived at 5:51 pm>

Adding the monthly cost for water, sewer, softened water, and franchise fees, Bloomington's monthly cost of city property taxes was the lowest of all the cities compared at \$125.44. A checkbook example was shown of the costs for the major City services with a 5.75% (\$74.72) and a 6.86% (\$75.56) levy.

Busse asked why the monthly cost for Police services was higher in the 5.75% option than the 6.85% option. Verbrugge said the Police costs stay constant even though the levy percentage decreases.

Economy-Scholler presented the following items for Council discussion: Fire Pension obligation, Strategic Priorities and the 2016 levy options and impact on 2017.

Winstead said the amount levied for Fire Pension is hidden because part of it was debt. Economy-Scholler said the Government Finance Officers Association (GFOA) and others have cautioned cities not to issue debt for pension in the future.

Economy-Scholler presented the Strategic Priorities modeling. She said a 5.75% levy would bring in approximately \$535,000 into Strategic Priorities. She said there is approximately \$1.1 million available to Council to designate for what it wants to do -- Neighborhood Programs, for example. She said the Council can direct that the fund balance in Strategic Priorities be drained.

Regarding Hyland Greens, it was stated staff is only accounting for the operating loss in 2016. If Council desires to continue operating the golf function as is, money will be needed to cover the ongoing operating loss.

Economy-Scholler presented the following models of the 2016 tax levy. In all of the examples, the PMP for overlays was moved around.

Option A: 2016 Levy 6.85%
Option B: 2016 Levy @ 6.00%
Option C: 2016 Levy @ 5.75%
Option D: 2016 Levy @ 4.68%
Option E: 2016 Levy @ 3.68%

Lowman asked how the levy is impacted by the Tax Increment Financing (TIF) coming off of the Mall of America. Economy-Scholler said it hits all of the monthly costs.

Economy-Scholler said there will be a Request for Proposals (RFP) in the summer of 2016 for 2017 for medical insurance.

Baloga asked if the levy includes \$500,000 for trails also. Economy-Scholler replied nothing was built into the 2016 levy model for trails. Now franchise fees will be used to fund the Overlay Program.

She said the "TNT" public hearing is on December 7, 2015, with the Final Levy and General Fund approval occurring on December 21, 2015.

Winstead said staff has put the most work into the 5.75% levy after figuring in franchise fees. He's comfortable supporting 5.75%.

Carlson said 5.75% would allow the Council to make significant progress in some areas.

Busse agrees with 5.75%. It makes the most sense this year and next. He said it concerns him there is not a finite pool of money for all of the tastes.

Winstead said if Council approved a 5.75%, it involves an increase. He asked staff to tick off the main reasons for why the cost of doing business is going up in next week's presentation. Hit the big things.

Oleson commented Bloomington is an aging community with aging infrastructure compared to cities like Plymouth.

Abrams said she is good on a 5.75% but asked staff to retire the checkbook visual. She said Bloomington doesn't need to sell anything; just hold the line and continue building. She mentioned it might be time to update the "quality services at an affordable price." Winstead suggested changing the City's tagline to something like, "great quality of life. Financially sound."

Baloga said the 5.75% is painfully accepted but it's by Council's direction. He said the Strategic Priorities was a high Council initiative and direction and its \$1 million price tag needs to be funded if it's to occur. He said Fire Pension was a high Council priority and this budget is responsive. He said the Council's going to have to fund what it wants or lower its wish list. He would prefer to fund them because he believes the items are responsible long-term items for the community. He said the only missing item is any funding dealing with the neighborhood commercial centers. He said according to the Urban Land Institute that should be the second highest priority after making Bloomington's schools successful. He'd like the Housing & Redevelopment Authority (HRA) to come up with a plan to address that issue and get that recommendation to the Council sooner rather than later.

Lowman agreed with Baloga and supports a 5.75% levy.

Winstead again requested staff include a slide that shows where the increases are being spent.

Baloga said the \$1 million for the neighborhoods is an investment. It's seed money but it has to come from somewhere.

Busse requested the 'TNT' hearing on December 7 start at a reasonable hour. His preference is that it start at the beginning of the meeting.

7 ADJOURN

Mayor Winstead adjourned the study session at 6:50 p.m.

Barbara Clawson
Council Secretary